

CITY OF DENTON CITY COUNCIL MINUTES

December 9, 2014

After determining that a quorum was present, the City Council convened in a Work Session on Tuesday, December 9, 2014 at 2:00 p.m. in the Council Work Session Room at City Hall.

PRESENT: Mayor Pro Tem Engelbrecht, Council Member Gregory, Council Member Hawkins, Council Member Johnson, Council Member Roden, Council Member Ryan, and Mayor Watts.

ABSENT: None.

Work Session Reports

A. ID 14-0804 Receive a report, hold a discussion, with staff and Red Development, and provide direction concerning development at Rayzor Ranch.

City Manager Campbell stated that the original plan for Rayzor Ranch was approved in 2007 and since that time there had been a number of changes. This was a dynamic process and a project in the works. RED Development had presented to the City Council a vision of what the project was now. There was a need to be certain that the plan reflected the desires of the Council to continue to proceed with the project.

Scott Wagner, RED Development, presented the details of updated project for the Town Center retail project with other land uses around it.

He stated that the project had been broken up in different ways for several years. There was retail, medical/office, single and multi family and entertainment. The Market Place was the start of the project on the north side of University and was about 90% occupied. The time frame of 2004-2007 was a large economic period of expansion and growth and tenants pushed to open as many stores as possible to meet Wall Street growth expectations. In 2008-2011 the bottom fell out of the market which resulted in stalled or failed projects. There were incomplete and vacant projects, with retail and housing projects remaining flat. In 2012-2014 there was an economic recovery period which provided new life into old projects. Banks were slowly turning out new loans with much stricter underwriting. Developers and owners must compete for tenants and schedules. The Overlay 2012-158 specifically amended the prior master plans and guidelines to reflect current market and tenant demand. Flexibility was critical to attracting and retaining tenants. The consistent message across the tenant presence was critical to tenant objectives. Phased development was not only anticipated but required for strength of market and financing.

He was requesting Council support on the unique and creative process of the proposed design by focusing on life-safety issues and allowing flexibility for aesthetic interpretations to be handled administratively.

Jack O'Brien reviewed the overall master plan with a focus on the Town Center retail portion, pedestrian connectivity between the various land uses within the Town Center, architectural design, vision guidelines and resulting images.

O'Brien reviewed other projects which his firm had completed similar to Rayzor Ranch. He reviewed the different types of retail such as convenience, neighborhood center, community center, town center, specialty center, mixed use, and power town. He noted that there were different types of shoppers such as a direct shopper, leisure shopper, lounge shopper, and prisoner shopper.

The original and current master plans were shown. Different types of retail would be contained in the Town Center. The pedestrian connectivity plan for the development was presented along with the Town Center Courtyard Plan. The design elements of the project were noted that included the rustic simple nature of Texas Hill County environment.

Council Member Gregory felt that this presentation was not the same ones they had received in the past. The developer had been released from the old detailed master plan to a bubble plan with the south side of the development to be more upscale. At this meeting, the statement had been made that the south side would be consistent and complimentary to the north side. He was looking at the elevations in this power point to find elements to convince him that the materials and amount of materials was more upscale than the north side.

O'Brien stated that the south side would be a much nicer design than the north. The project on the south would have more refined materials such as copper, painted redwood or some other type of wood along with some brick.

Wagner stated that the Town Center was more refined with more glass and national tenants.

Council Member Hawkins felt that this was comparing aesthetics with the projects but did not get that feeling for the south side project.

O'Brien stated that there was a need to consider the ambiance rather than the visual presentations of the buildings such as the quality of lighting, and that the finishes of the buildings were not as important. The finishes would be more of a backdrop than the main features.

Council Member Gregory stated that there was a certain amount of personal preference and style but when he looked at the original plan to current plan, one of the things he remembered that was said was that it was not just about the materials, that it was about the whole Town Center. The Town Center was to be a power center and it should look like a power center. The walkable pedestrian area was significantly smaller from the original plan.

O'Brien stated that he was involved with the original design and felt that the original walkable area was too long for the average pedestrian.

Council Member Gregory stated that the point he trying to make was when the plan moved from the detailed plan to the bubble plan, Council was assured that the high quality on the southern side would be maintained through the materials and not in the ambiance.

O'Brien stated that the quality would be better than the development in Highland Village.

Council Member Gregory stated that he was not interested in Highland Village. He was talking about the original agreement.

Wagner stated that the distance was shorter today than the original project. He did not know what other portions of the project looked like.

Council Member Johnson stated that his firm had met with the original developer a long time ago to talk about leasing at the Town Center. As the City went through the project, there was a need to remember that there might not be that amount of business. This was a huge plan with so much land. At the end of day the developer needed to have a tenant and he felt it was unfair to compare the two drawings because the developers would not lease all of the property in the original drawings. He felt the building materials were significantly better than on the north side.

Mayor Watts stated that the original design had not been around for a long time and was overpromised and not deliverable. The incentive was a performance based incentive and if the developer did not perform, they would not get their funding for infrastructure back. When he looked at the two versions, he felt the south side probably would not look like the north side. Different landscapes and light fixtures brought in quality. He felt the project would be consistent with the offered incentives.

Council Member Gregory stated that he voted in favor of moving to the bubble plan and for more flexibility to the developer. He felt that from time to time when the developer came back for flexibility, what was asked for was concessions for quality. The south side was supposed to be significantly upscale and higher quality than the north side and not comparable and in tune with the north side. He questioned what kinds of amenities were going to be added to replace the scale going smaller and what other things would be done to make up for the smaller scale of the Center. Nothing had been said about what percentage of the building materials would be used as shown and he was not seeing a lot of the materials on the drawings. He questioned what the statement “consistent with the north” meant.

Wagner stated that the Market Place was a unified project with similar components on the south side but added to it from the north side. There would be some consistence between the two areas but also some compliments. The areas along University would be similar but moving into the core, the development would became more upscale with more glass, lighting and open space.

Council discussed the feel of the project and how it would be different/complimentary with the north project.

Council Member Hawkins questioned that when the first leases were finished, what would be the presentation of the area so as to not lose its draw.

Wagner stated that the style lent the store fronts of the tenant expression. As new tenants evolved, the fronts of the stores would be updated.

Council Member Roden asked about the preparations for walkability in the development.

Wagner reviewed the types of walkable areas in the project.

Council Member Roden suggested that the plan be inviting for walking. He questioned the value of the inner parking and whether it would take away from walkability.

O’Brien stated that the inner parking was known as “teaser parking” that gave shoppers the ability to park by the stores and go into the center of the development. If there was no teaser parking, there were percentages of people who would not go to the center of the development.

Council Member Ryan stated that he liked the new design with the shape of the green space to maintain good driving and walkability in the area.

Council Member Gregory asked about the differences between the staff and the developer in terms of materials, etc. with the plans.

City Manager Campbell stated that staff was in the process of reviewing the project. They would like to finish the review and come back to Council with a report. If what the developer was proposing and what the Council felt was appropriate, there might have to be changes to the ordinance or codes to implement what was being proposed.

Council Member Gregory stated that he would like to hear from staff assurances that the materials maintain in the store fronts. He questioned if there were any percentages from staff for the design of the buildings which would assist the developer when bringing projects to the Council.

City Manager Campbell stated that it would be helpful for staff to make sure the recommendations and development proceeded in terms of what Council was desiring.

Mayor Pro Tem Engelbrecht stated that most of the photos showed multi-story buildings with mixed residential on the top. With this plan, the mixed use to the east would be looking at the backside of the life style center. He felt it was important to have people living in the development and asked if that type of view had been taken into account.

Wagner stated that the multi-family was planned horizontally and centered around the green space.

Mayor Pro Tem Engelbrecht stated that another feature he was concerned about was the water feature which was not in the center of the development.

O'Brien stated that they were still working on the plans for the water feature but that there would be one in the development.

Mayor Pro Tem Engelbrecht stated that the tenants would set the tone for the development. He had heard that a tenant was coming which advertised prices lower than Walmart. That did not set the tone he wanted for the south side. He also was nervous having flexibility for aesthetic interpretation.

Wagner stated that they did take out some of the percentages out of the ordinances for "what if" scenarios in that area instead of "have to". Flexibility was needed to be able to work with unique situations. They would like to work with staff instead of having everything detailed out in an ordinance.

Council Member Roden stated that the grocery store possibly going in the development was a Winco which stated that they were the low cost leader. He questioned how that would fit into the overall project.

Wagner stated that was not a done deal and they were still going through the process with the City.

Council Member Roden asked about the demographics on what type of people the store would be serving. The shoppers had to sack the own groceries similar to a Sack N Save.

Wagner stated that type of demographics would have to come from the owners. They had talked with a dozen grocers over time.

Mayor Watts stated that it made him nervous when talking about what kind of shopper and make that equal to quality. Across the street there was a Walmart and Sams. Just because the store claimed to be the low cost leader did not mean that there would not be high end shoppers at the store.

Council Member Roden stated that if a Sack N Save were built there, he questioned what other type of quality shops would want to build next to such a store.

Mayor Watts stated that there were a lot of assumptions in that type of analysis. He did not want to build the north side on the south side.

Council Member Roden stated that grocery stores were important to people and a grocery store did not exclude high quality anchors. However, he struggled with a grocery store that presented itself in that fashion and whether it would attract the high quality retail they wanted.

Council Member Gregory stated that he did not think of a discount grocery as being upscale. The reason for this discussion was because of an earlier discussion about attracting other types of stores.

Council Member Johnson asked about modification to the incentive plan for the infrastructure that was installed.

Mayor Watts stated that this was not to modify the incentive but whether the Council was comfortable with the vision of the development.

Council Member Johnson stated that if there was no incentive and the property was zoned properly, the developer could have built whatever he wanted. The reason he was talking about modification was because the overlay was reimbursement for infrastructure based on the vision. As a developer he wanted to attract the highest quality tenants he could find to pay the most rent and have staying power. The quality stores were not here because they don't believe the demographics would support their stores. He wanted to stay away from saying what types of tenants to go get. The overlay was about construction materials and styles and not tenants. This was not the place for talk about tenants.

Council Member Roden questioned if the Council would have done the economic incentive with the project if it had been said that the developer was going to put in a Sack N Save type of grocery store. That would be an average look but nothing other than what Denton had in other places in town. That was why this discussion as to why this was relevant. If the picture was different than what the earlier Council had seen that made it relevant.

Mayor Watts stated that it was performance based and that the incentive was based on nothing on the ground and was split between the two portions of the development.

Wagner stated that the development would be a higher quality operation in look and feel but that the shopper demographics would not change.

Council Member Gregory stated that the demographics did not reflect Denton due to the large number of students who brought the numbers down as many did not work.

Council Member Hawkins felt that a focus on some of the details would ensure the longevity of the project and that Denton residents wanted something different.

Mayor Pro Tem Engelbrecht stated that he would want to hear from staff on the issues before making a decision.

Consensus of the Council was to receive a staff report at the next meeting with clear direction on the project.

Wagner stated that they had expressed a desire to present the current vision on the project which they were still reviewing and would like to react to the discussion before Council gave clear direction. If they were all in agreement with the vision, he would like to make sure it would happen as soon as possible and not have to come to Council on every issue.

Amy Bissett, Director of Economic Development, presented direct revenues to the City and Return on Investment for the incentive. The development was consistently outperforming projections.

Council Member Roden expressed a concern that the sales tax increases were a direct result of the development or how much was coming from other places in the city as opposed to new sales tax.

Bissett stated that they tracked the track sales tax aggregate over time and had seen that each of those continued to perform on base level. There was no decline as this project was ramped up.

Mayor Watts asked for a staff report on the issue and Council could pick up the conversation at that point in time.

B. ID 14-0840 Receive a report and hold a discussion regarding the joint meeting of the City Council and Planning and Zoning Commission on December 16, 2014.

City Manager Campbell stated that staff was proposing a joint meeting with the Planning and Zoning Commission as they worked through a process and agenda to try and save time on the gas well ordinance issue. The intent was to hold the Council meeting in the regular session including Closed Session, go through the entire agenda and at the end convene a joint public hearing as close to 6:30 as possible. Then after the public hearing, Council would adjourn and the Commission convene among themselves, deliberate and possibly make a recommendation.

Assuming that there would a large number of people to speak at the public hearing, staff would issue numbers similar to the process done at other large public hearings.

City Attorney Burgess stated that a joint Closed Session could also be held if needed.

Council discussed the extension of the moratorium and starting the process at the same time to have in place if needed. The logistics on the joint meeting was reviewed.

City Attorney Burgess stated that there would be flexibility and contingency plans built in to provide full parameters on the issues.

C. Under Section 551.042 of the Texas Open Meetings Act, respond to inquiries from the City Council or the public with specific factual information or recitation of policy, or accept a proposal to place the matter on the agenda for an upcoming meeting AND Under Section 551.0415 of the Texas Open Meetings Act, provide reports about items of community interest regarding which no action will be taken, to include: expressions of thanks, congratulations, or condolence; information regarding holiday schedules; an honorary or salutary recognition of a public official, public employee, or other citizen; a reminder about an upcoming event organized or sponsored by the governing body; information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the municipality; or an announcement involving an imminent threat to the public health and safety of people in the municipality that has arisen after the posting of the agenda.

Council Member Johnson asked for a follow-up on the Kiwanis fireworks funding and whether HOT funds would be available for that.

Council Member Gregory asked for a Work Session on those items below target on the performance measures such as public safety response times.

Council Member Hawkins requested a report on the history of the bike lane in Forrestridge and what would need to happen to change it.

The Council did not meet in a Closed Meeting following the completion of the 2nd Tuesday Session.

With no further business, the meeting was adjourned at 8:18 p.m.

CHRIS WATTS
MAYOR
CITY OF DENTON, TEXAS

JENNIFER WALTERS
CITY SECRETARY
CITY OF DENTON, TEXAS